

Fund terms and conditions - Simplicity Företagsobligationer

§ 1 The legal position of the Fund

The name of the investment fund is Simplicity Företagsobligationer, hereinafter called the Fund. The Fund is a securities fund as defined by the Swedish Investment Funds Act (2004:46).

Fund capital is owned jointly by the Fund's unit holders. Each unit in each share class carries an equal right to the property in the Fund.

The fund has the following two share classes:

Share class A – Accumulating (non distributing), maximum management fee 0.9% per annum

Share class B - Distributing, maximum management fee 0.9% per annum

Share class C - Accumulating, maximum management fee 0.5% per annum with special conditions for distribution

The Fund cannot acquire rights or incur obligations. The Fund Company named in § 2 represents the unit holders in matters related to the Fund, makes decisions regarding the property in the Fund and exercises the rights ensuing from the property.

Operations are conducted in accordance with these Fund Terms and Conditions, the Fund Company's articles of association, the Swedish Investment Funds Act (2004:46) and other applicable ordinances.

§ 2 Fund Manager

The Fund is managed by Simplicity AB, corporate identity no. 556611-4723, hereinafter called the Fund Company.

§ 3 Depository and its tasks

The depository for the Fund's assets is Swedbank AB (publ), corporate identity number 502017-7753.

The Depository shall execute the Fund Company's decisions regarding the Fund and shall also receive and hold the assets of the Fund. The Depository shall also ensure that decisions regarding the Fund made by the Fund Company, such as valuation, redemption and sales of fund units, comply with the law, regulations and these Fund Terms and Conditions.

§ 4 The nature of the Fund

The Fund is a fixed income fund that primarily invests in corporate bonds and commercial papers which primarily are geographically related to the Nordic region.

With geographically related means that the Fund invests in fixed income transferable securities admitted to trading on a regulated market or equivalent market in the Nordic region or in fixed income transferable securities, whose company carries at least half of its business in the Nordic region and is traded on a regulated market or an equivalent market outside the EEA.

Investments are made primarily in companies with high credit rating. The Fund's aim is, with respect to the Fund's investment strategy, achieving the highest possible value for the Fund's assets.

§ 5 The Fund's investment orientation

The Fund may invest its assets in transferable securities, fund units, money market instruments, investment in accounts and derivatives.

The transferable securities referred to are bonds and other debt instruments (such as corporate bonds), with the exception of money market instruments, and depositary receipts for debt instruments (such as debentures) and any other securities giving the right to acquire any such transferable securities referred to above by subscription or exchange. The transferable securities shall be issued for public trading of government, municipalities, county councils, institutions or companies with high credit worthiness.

The Fund will invest at least 50% in corporate bonds, issued by companies with high credit ratings, called investment grade. For corporate bonds issued by companies with no credit rating the fund company assesses and determines if they should be classified as an investment grade or not. In addition to these investments the fund may invest in corporate bonds with low or no credit rating. The unit value of the Fund may fluctuate more, the greater the share of the Fund that is invested in corporate bonds with low or no credit rating.

The Fund has a Nordic focus, but also invests in securities outside the region. Such investments that are not geographically linked to the Nordic countries may not exceed 25% of the Fund's total assets.

The derivative instruments referred to are futures, swaps and options where the underlying asset consists of or relates to interest bearing transferable securities, money market instruments, interest rates, foreign exchange rates, foreign currencies or financial indices.

The Fund aims to have an average duration that normally lies between 2 and 5 years but the duration will at certain times be both longer and shorter, however not exceeding 10 years. The Fund may only invest 10% of the value in fund units.

§ 6 Market places

The Fund's assets may be invested in a regulated market within the EEA or in an equivalent market outside the EEA. Trading may also occur on other markets within or outside the EEA which are regulated and open to the public.

§ 7 Special investment focus

The Fund may invest in such transferable securities and money-market instruments as referred to in Ch 5. § 5 IFA.

The Fund may make use of derivatives to improve management efficiency with the aim of decreasing costs and risks.

The Fund may not invest in derivatives referred to in Ch 5. § 12 IFA (OTC derivatives). Such investments will primarily be done to fully or partially hedge the Fund's exposure in foreign currencies.

The Fund has the permission of the Swedish Financial Supervisory Authority to invest its capital in pursuance of Ch. 5 § 8 IFA (2004:46). The Fund may invest more than 35% of the Fund's capital in bonds and other promissory notes that are issued and/or guaranteed by the Swedish government, municipality or other municipal authority. The promissory note must however come from at least six different issues and those coming from the same issue may not exceed 30% of the Fund's value.

§ 8 Valuation

The value of each unit in the Fund comprises the value of the Fund divided by the total number of units in the Fund. The units in the Fund shall be equal in size.

The value of the Fund is calculated by deducting from the assets the liabilities linked to the Fund, including as yet unlevied taxes according to the Fund Company's stipulation as well as the charges stated in § 11 below.

The valuation of traded securities, mutual funds, money-market instruments, derivatives and other financial instruments are carried at current market value.

If this market value cannot be obtained or, in the opinion of the Fund Company, it is misleading, they may be reported at the value decided on objective grounds by the Fund Company. With objective grounds means that a market value is obtained according to special valuation based on data for last paid price or indicative purchase price from market-makers if such are stipulated for the issuer.

Where such information is lacking, or is not considered reliable by the Fund Company, the market value is established based on information from independent parties or by other external, independent sources.

If the market for certain securities is not active, valuation may be done by use of a generally accepted valuation method established in the market, such as cash flow analysis or comparison with other similar transactions that took place under market conditions during a similar period.

For OTC derivatives a market value is mainly identified by the market price in an active market. If such a market value is missing, the market value shall be determined by using a valuation method established in the market, such as Black Scholes and Black 76.

The value of each unit shall be determined by the Fund Company on each banking day.

§ 9 Sale and redemption of units

Units are sold and redeemed by the Fund Company. Sale (a unit holder's purchase) and redemption may take place on every banking day.

Share class A

Subscription and redemption of units are made in SEK. Minimum subscription amount is SEK 100. Subscriptions and redemptions may take place on every banking day.

Share class B

Subscription and redemption of units are made in SEK. Minimum subscription amount is SEK 100. Subscriptions and redemptions may take place on every banking day.

Share class C

Subscription and redemption of units are made in SEK. Minimum subscription amount is SEK 100. Subscriptions and redemptions may take place on every banking day. Share class C can only be traded by:

- Investors who, within the framework of investment service contract under Ch. 2, § 1 of the Swedish Securities Market Act (2007:528) or equivalent Swedish or foreign regulation, invest in the fund and no compensation is paid from the fund management company to the provider of the investment service, and
- insurance companies that invest in the fund within the framework of agreements with policyholders and no compensation is paid to the company or insurance distributor by the fund management company.

Units in share class A shall be transferred to units in share class C if the conditions for investing in share class C are fulfilled.

Units in share class C shall be transferred to units in share class A if the conditions for investing in share class C cease to exist.

A request for sale is made by paying a minimum amount of 100 SEK into the Fund Company's bank account or bank giro account.

A request for redemption of a unit in the Fund is made in writing or by fax to the Fund Company or, by separate agreement, electronically. The redemption request shall be in writing and shall be signed personally by the unit holder, except when electronic means are used.

A request that reaches the Fund Company by 14:00 at the latest on a full banking day, or 11:00 on a half banking day, is executed on the same day. Should a request be received by the Fund Company after 14:00 on a full banking day or after 11:00 on a half banking day, the Fund Company is entitled to execute the request on the same banking day or on the next banking day.

If funds for redemption must be procured through the sale of securities, such sale and redemption shall take place as soon as possible. If a sale could be essentially disadvantageous to other unit holders' interests, the Fund Company shall, following notification to the Swedish Financial Supervisory Authority, defer the sale.

In the case of redemption of units, payment is made no later than three (3) banking days after redemption has been executed.

The price of the unit in conjunction with sale and redemption is set at the end of the banking day on which the sale or redemption takes place. Sale and redemption thus take place at a rate unknown to the unit holder at the time the request for sale or redemption is made.

A request for redemption may only be revoked with the consent of the Fund Company.

The price in conjunction with the sale of a unit (a unit holder's purchase) shall be the unit value on the date the sale takes place. The redemption price of a unit shall be the value of the unit on the date redemption takes place. The unit value is published on the

Fund Company's website (www.simplicity.se) and in a number of newspapers through the Swedish Investment Fund Association.

§ 10 Closure of the Fund in extraordinary circumstances

The Fund may be closed for sale and redemption if extraordinary circumstances arise that prevent valuation of the Fund's assets from being made in a manner that assures equal rights for the unit holders.

§ 11 Fees and payment

Payment shall be made from the capital in the Fund to the Fund Company for its management of the Fund. Such compensation includes costs for the Depository, supervision and auditors. The payment is calculated daily at 1/365th part of the whole. The compensation per year must not exceed what is stated below for each share class.

Share class A

The maximum compensation to the Fund Company is 0.9 % of the value of the fund each year.

Share class B

The maximum compensation to the Fund Company is 0.9 % of the value of the fund each year.

Share class C

The maximum compensation to the Fund Company is 0.5 % of the value of the fund each year.

Brokerage and other costs, as well as tax in conjunction with the Fund's purchase and sale of financial instruments, are charged to the Fund.

Applicable VAT will be payable on fees.

§ 12 Dividends

Share class A and Share class C - Accumulating (non distributing) share class

This share class does normally not pay out any dividend. The Fund Company can, however, decide to pay out dividend to the unitholders if, according to the Fund Company, it is necessary to protect the unitholders' common interest. An example of such a situation could be that the current tax law means that the Fund has taxable income. The purpose of the dividend in this case is to transfer taxation of the Fund's return to the unit holders, whereby return is not taxed twice. The dividend is paid in April of the year after the fiscal year and is payable to unit holders who are registered for units on the dividend date set by the Fund Company.

For a dividend accruing to a unit the Fund Company shall, following a deduction for preliminary tax when applicable, acquire new units on behalf of the unit holder registered for the unit on the date set by the Fund Company.

Following a request to the Fund Company the dividend may instead be received in cash, paid into the unit holder's bank account following a deduction for preliminary tax when applicable. Such request shall be submitted by the date the Fund Company has decided.

Share class B – Distributing share class

Annual dividend

This share class pays out dividend. The Fund Company decides annually on the dividend to be paid out to holders of the distributing share class. Dividend is calculated based on the distributing share class's share of the Fund's value. To determine the size of the dividend the change in value of a fund unit in the distributing share class that has been held since the previous dividend is considered. The Fund Company may determine the dividend to a higher or lower amount than the change in value. For further details on the objective of the size of the dividend it is referred to the information brochure. To determine the Fund's first dividend, the change in value of a fund unit that has been held since the time of the introduction of the distributing share class is considered. For the dividend that accrue to a fund unit, the Fund Company shall, after any deduction of withholding tax, pay the dividend in cash if no special request for reinvested dividend has been made. Request for reinvested dividends shall be made in writing and must have reached the Fund Company no later than ten business days before the record date for the dividend. Payment of dividends shall be made in April the year following the fiscal year to unit holders who are, at record date determined by the Fund Company, registered unit holders of the distributing share class.

The distribution affects the ratio between the value of the accumulating shares and the value of distributing shares because the value of the distributing fund units decreases in relation to the size of the dividend.

Further dividend

This share class does normally not pay out any further dividend. The Fund Company can, however, decide to pay out dividend to the unitholders if, according to the Fund Company, it is necessary to protect the unitholders' common interest. An example of such a situation could be that the current tax law means that the Fund has taxable income. The purpose of the dividend in this case is to transfer taxation of the Fund's return to the unit holders, whereby return is not taxed twice. The dividend is paid in April of the year after the fiscal year and is payable to unit holders who are registered for units on the dividend date set by the Fund Company.

For a dividend accruing to a unit the Fund Company shall, following a deduction for preliminary tax when applicable, acquire new units on behalf of the unit holder registered for the unit on the date set by the Fund Company.

Following a request to the Fund Company the dividend may instead be received in cash, paid into the unit holder's bank account following a deduction for preliminary tax when applicable. Such request shall be submitted by the date the Fund Company has decided.

§ 13 The Fund's financial year

The Fund's financial year is the calendar year.

§ 14 Interim report and annual report, changes to Fund Terms and Conditions

The Fund Company shall publish an interim report for the first six months of the financial year within two months of the end of the half-year and an annual report on the Fund within four months of the end of the financial year. The documents shall be sent free of charge to any unit holders who so request and shall be available at the Fund Company and the Depository.

Changes to the Fund regulations may only be made following a decision by the board of the Fund Company and shall be submitted to the Swedish Financial Supervisory Authority for approval. Following approval of a change, the decision shall be available at the Fund Company and the Depository and shall be made public in the manner stated by the Swedish Financial Supervisory Authority.

§ 15 Pledging and assignment

Pledging of units shall be notified in writing to the Fund Company. Notification shall state the unit holder, the pledgee, which shares are covered by the pledge and any limitations on the scope of the pledge. Unit holders shall be informed in writing that the Fund Company has made a note regarding the pledge in the unit holders' register. The pledge ceases when the pledgee has notified the Fund Company in writing thereof. When the pledge has ceased, details regarding the pledge are removed. The Fund Company is entitled to payment from the unit holder for registration of up to SEK 500.

§ 16 Limitation of liability

Each unit holder shall study in detail the risks that are associated with the financial instruments in which the Fund invests as stated in the fact sheet and the information brochure.

The following liability limitations for the Fund Company also apply to the Depository. The Fund Company is not liable for any loss arising from a legal enactment, official measure, act of war, strike, blockade, boycott, lockout or other similar circumstance, such as computer or telephone faults. The reservation regarding a strike, blockade, boycott and lockout also applies if the Fund Company is the object of or takes such a conflict measure.

Any losses that arise in other cases will not be compensated by the Fund Company if normal caution has been observed.

The Fund Company is not liable in any event for any indirect loss, nor is it liable for any loss caused by a custodial bank or other agent which the Fund Company has engaged with appropriate care. Nor is the Fund Company liable for any loss that could arise by reason of a restriction on disposition that could be applied against the Fund Company.

If the Fund Company is prevented from taking action as a result of circumstances stated in the second paragraph, such action shall be postponed until the impediment has ceased.

If, as a result of such a circumstance, the Fund Company is prevented from executing or

receiving payment, the Fund Company shall not be under any obligation to pay penalty interest.

Notwithstanding the above, Ch. 2 § 21 of the Swedish Investment Funds Act (2004:46) shall always apply.

In case of any discrepancy between the Swedish-language version of this Fund terms and conditions and any translation thereof, the Swedish-language version shall prevail and the Fund terms and conditions shall be construed in accordance with the Swedish-language version.